

SHD Paraphrased Regulations - Food Stamps

270 Deductions

270-6

The rental fee for a propane tank, and the cost of the gas for the tank, are allowable shelter costs for FS purposes. (All-County Information Notice (ACIN) No. I-49-95, October 24, 1995, clarifying §63-502.353(a)(1), renumbered to §63-502.362(d))

270-7

The shelter cost deduction is allowed only when the total shelter costs exceed one-half of all other net income. In that case, the deduction is the difference between the shelter costs and one-half of the income, up to the applicable maximum deduction. (§63-502.36, formerly §63-502.35)

270-8

Monthly shelter costs include continuing costs for the shelter occupied by the household, including rent, mortgage, or other continuing costs leading to the ownership of the shelter. Property taxes, state and local assessments, and insurance on the structure itself are allowed, but there is no allowance for separate costs for insuring furniture or personal belongings. Shelter costs also include the cost of heating and cooking fuel, cooling and electricity, water and sewerage, garbage and trash collection fees, the basic service and rental fee for one telephone, including tax on the basic fee, and fees charged by the utility provider for initial installation of the utility. One-time deposits shall not be included as shelter costs. Shelter costs shall also include the costs for the home if temporarily not occupied by the household due to employment, illness or damage to the home. Charges for the repair of a home which was substantially damaged by a natural disaster are also allowed. (§63-502.362)

270-9 REVISED 12/04

A Standard Utility Allowance (SUA) may be used in calculating shelter costs of those households which incur heating or cooling costs separate and apart from their rent or mortgage payments. When the SUA is used, the household is not required to document the amount of the actual utility costs. The SUA was \$158 effective October 1, 1998; it increased to \$163 effective October 1, 1999; to \$170 effective October 1, 2000; to \$203 effective April 1, 2001; to \$206 effective October 1, 2001; to \$227 effective October 1, 2003; and was reduced to \$210 effective October 1, 2004. (§63-502.353, changed to §63-502.363 effective September 1, 1997; All-County Letter Nos. 99-71, 00-63, 01-17, 01-56, 02-62, 03-36, and ACIN I-57-04)

270-10

Prior to January 20, 2001, federal regulations provided that the household shall be advised at initial certification and recertification that it may instead of using the Standard Utility Allowance (SUA), deduct its actual utility costs if the household can verify these costs. The household has the right to switch between actual utility costs and the SUA at each recertification and one additional time during each 12-month period. (7 Code of Federal Regulations §273.10(d)(6)(vi); §63-502.363(c), formerly §63-502.353(c), revised effective June 1, 2001)

270-10A

The FS household entitled to an SUA shall be advised at initial certification, recertification and when a household moves that it may, instead of using the SUA, deduct verified utility costs. Households certified for a 24-month period may also choose to switch between standard and actual utility costs at the time of the mandatory interim

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contact. (7 Code of Federal Regulations §273.10(d)(b)(ii)(D), effective January 20, 2001 to be implemented by June 1, 2001; §63-502.363(c), as revised effective June 1, 2001)

270-11

A standard telephone deduction of \$20 shall be allowed if the household has a telephone and is not entitled to the overall SUA. If the household's actual telephone service fee is greater than \$20 and is the lowest available rate, the actual fee may be used. Prior to April 1, 1992 the telephone allowance was \$6. (§63-502.363(b), formerly §63-502.353(b))

270-12B

Prior to October 1, 2000, state regulations provided that when the FS household (HH) lives with another HH (FS eligible or not), and they share shelter and/or utility expenses, then the county will either allow actual expenses for each HH, or allow actual shelter expenses and divide the Standard Utility Allowance (SUA) equally by the number of HHs contributing to the expense. (§63-502.361, effective July 1, 1997 for applicant HHs, and at recertification or HH request for recipient HHs, per §63-021.1)

Effective October 1, 2002, the CDSS issued instructions requiring counties "... not to prorate the SUA if a person(s) who shares heating or cooling expenses with the food stamp household are excluded because they are ineligible, and the household is eligible and elects the SUA. The full SUA is allowed. ...However, if the food stamp household was sharing utility expenses with another household(s), which may or may not be participating in the FSP, the CWD would prorate the SUA (if the FS household elects the SUA and then would allow the FS household's share in the food stamp budget." (All-County Letter No. 02-55, July 22, 2002, p. 2, to be implemented for new or prospectively budgeted FS household October 1, 2002, and for other households effective December 1, 2002)

270-12C

Prior to October 1, 2002, state regulations provided that:

When an FS household (HH) has excluded members, the county must identify which excluded members are "contributors". Contributors share the residence and its expense by paying or obligating money from their separate income or resources. (§63-502.362)

- (a) If the FS HH shares deductible expenses with members who are excluded because of IPV or workfare/work sanctions, the entire rent and utility amounts are FS HH deductions.
- (b) If the FS HH shares deductible expenses with ineligible aliens or persons Social Security Number (SSN) disqualified, the expenses are prorated among all members and only the eligible members' share is deductible. (See §63-502.364 for proration instructions)
 - (1) If any ineligible alien contributes, count all ineligible aliens in the proration. Likewise, if any SSN disqualified member contributes, all such members are counted in the proration.

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- (2) To be a contributor, the ineligible alien or SSN disqualified member must use his/her income or resources, and not be acting solely as an agent or payee for another HH member.
 - (A) Any of these members who have income (whether or not they are contributors) must be included in the proration of expenses.
- (c) If the FS HH shares deductible expenses with excluded students or SSI recipients, amounts contributed by those excluded members shall be deducted from the allowable expense, and the remainder is the FS deduction.
 - (1) If payments or contributions by these excluded members cannot be differentiated, prorate the expenses among all persons contributing to the expense, and the FS HH's prorated share is the FS deduction.
 - (2) If the excluded student or SSI recipient does not contribute, he/she is not counted in the proration.

(§63-502.372, effective July 1, 1997 for applicants, and at recertification or HH request for recipients, per §63-021.1, amended by All-County Letter No. 02-55, July 22, 2002)

270-13 REVISED 8/04

Effective October 1, 2002, the CDSS issued instructions requiring counties "... not to prorate the SUA if a person(s) who shares heating or cooling expenses with the food stamp household are excluded because they are ineligible, and the household is eligible and elects the SUA. The full SUA is allowed. ...However, if the food stamp household was sharing utility expenses with another household(s), which may or may not be participating in the FSP, the CWD would prorate the SUA (if the FS household elects the SUA and then would allow the FS household's share in the food stamp budget." (All-County Letter No. 02-55, July 22, 2002, p. 2, to be implemented for new or prospectively budgeted FS household October 1, 2002, and for other households effective December 1, 2002)

When the household lives with and shares utility expenses with an excluded/ineligible household member(s), the county shall not prorate the SUA. (§§63-502.371, .375(c))

270-15

All homeless households which incur, or reasonably expect to incur, shelter costs during a month shall be eligible to use the homeless standard shelter deduction without providing verification of shelter costs. Homeless households which do not incur shelter costs, or receive free shelter for the entire calendar month, are not eligible for the homeless shelter deduction. If the allowance is used, separate utility costs may not be claimed, nor may the SUA be used. (§§63-502.351-.354; 63-502.363(a)(1))

The homeless standard shelter allowance shall be \$132 effective October 1, 1992, and shall be adjusted annually on October 1. (Handbook §63-1101.27) As of October 1, 1995, the homeless standard shelter allowance was \$143. As of October 1, 2002, it had not been increased. (All-County Letter (ACL) No. 94-73, September 7, 1994; ACL No. 95-64, November 3, 1995; ACL No. 96-56; FS Coordinators Letter, August 1997; ACL No. 99-71, September 27, 1999; ACL No. 01-56, 02-62)

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270-16

If actual verified homeless shelter costs are higher than the homeless shelter deduction, the household may use the actual cost, and utility costs may also be claimed. (§63-502.362(a))

270-17

If the FS household has its \$143 homeless shelter allowance deducted from its income in accord with §63-503.311(f), it is not entitled to an excess shelter deduction under §63-503.311. (§63-502.352, as revised effective June 1, 2001; 7 Code of Federal Regulations §273.9(d)(6)(i))

271-1

Vendor payments for child care made by the CalWORKs program or by the California Department of Education are not considered income to the household and cannot be used as a child care deduction.

An expense which is covered (i.e., either already paid and reimbursed, or anticipated to be reimbursed) by an excludable reimbursement payment or vendor payment (§63-502.2(b)(2)) is not a deductible expense. However, if the child care payment is not reimbursed, or reimbursed only in part, the out-of-pocket expense is deductible per §§63-502.34 and 63-1101.2, up to the allowable maximum. Counties must recalculate the FS allotment and issue any applicable benefit supplement in the current month, or restore lost benefits.

(All-County Letter No. 98-19, March 17, 1998)

272-1 REVISED 8/04

Under MR/RB, and for change reporting households under QR/PB, the net monthly income of an FS household that includes a member who is elderly or disabled as defined in §63-102(e) is computed as follows: For QR/PB households, the steps below shall be followed after income is averaged over the QR/PB Payment Quarter as specified in §63-509(a)(4):

- (a)-(b) Add the gross monthly income earned by all household members minus earned income exclusions, and multiply the result by 80%.
- (c) Add to the net monthly earned income the total monthly unearned income of all household members, minus income exclusions.
- (d) Subtract the standard deduction which is \$134 from December 1, 1995 forward per All-County Letters (ACLs) No. 96-56, and 01-56. Effective October 1, 2002, it is \$134 for one to four person households; \$147 for a household of five; and \$168 for a household of six or more. (ACL No. 02-62)
- (e) Subtract the monthly dependent care costs up to the current maximum. It is \$200 for children under two, and \$175 for children two and over, per ACL No. 96-56.

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- (f) Subtract the allowable medical expenses (see §63-502.33) of elderly and disabled members of the household in excess of \$35 per month.
- (g) Subtract the homeless shelter deduction which has been \$143 since October 1, 1996 per ACLs No. 96-56 and 02-62)
- (h) Subtract the allowable monthly child support payments as specified in §63-502.37 (now §63-502.38).
- (i) Subtract from the total allowable shelter costs 50% of the preliminary net income figure. This is the amount of the shelter cost deduction.
- (j) Subtract the shelter cost deduction from the preliminary net income figure, and the remaining amount is the household's net monthly income.

(§63-503.312)

272-1A

Effective October 1, 1995, there is a child support deduction when household members pay legally obligated child support to or for a nonhousehold member. (All-County Letter No. 95-49, August 31, 1995, referencing §63-503.312)

272-2

The maximum limitation on the amount of the shelter cost deduction is not applicable to FS households which contain an elderly or disabled member as defined in §63-102e. (§63-502.35)

272-3

At certification and recertification, households (HHs) with elderly or disabled members will be required to report and provide verification of all medical expenses. The HH's monthly medical deduction shall be based on the information reported and verified by the HH. (§63-503.253(a))

Medical expenses averaged over the certification period shall not be automatically based on past months' medical expenses. Those past expenses shall be used only as an indicator of estimated or reasonably anticipated expenses during the certification period. Fluctuating medical expenses (such as services and treatments received regularly, but less often than monthly, and fluctuating costs of prescription drugs) may be allowed as a deduction and averaged only if regularly recurring, reasonably anticipated, and verified to recur over the certification period. (§63-503.252(b))

272-4

Change reporting households (HHs) which voluntarily report a medical expense change shall have their FS allotments changed as follows:

1. If the change is \$25 or less, the county shall increase or decrease the FS allotment, as appropriate.
2. If the reported change is more than \$25 and would result in an increase in benefits, the county must verify the claimed expense before increasing the

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allotment. If the reported change is \$25 or more and would result in a decrease or ineligibility for the HH, the county shall act on the change without requiring verification.

(§§63-503.253(a) and 63-504.421; 7 Code of Federal Regulations §273.10(d)(4))

273-1

As of July 1, 2002, deductions from gross income to provide an adjusted net income for FS purposes include:

- (1) 20% of gross earned income.
- (2) A standard deduction (which is \$134, per All-County Letter (ACL) No. 01-56). It remains \$134 for households of four or fewer effective October 1, 2002, but increases effective that date to \$147 for a five-person household, and to \$168 for households of six or more.
- (3) A shelter cost deduction up to a specified maximum (which is \$354 per ACL No. 01-56).
- (4) A dependent care deduction up to a maximum of \$160 per dependent until September 1, 1994, when it increased to \$200 for dependent children under two, and to \$175 for all others.

(§63-503.311; ACLs No. 01-56 and 02-62)

273-2

There are limited income exclusions and deductions in the FS Program. There is no exclusion or deduction for _____. (§§63-502.2 and 63-502.3)

273-3

Excess medical costs excluding the costs of a special diet are allowable as a deduction if they exceed the amount specified in §63-1101. The amount specified in §63-1101.25 is \$35. The deduction is only available if the expense is incurred by a household member who is elderly or disabled as defined in §63-102e (now (e)). Allowable medical expense items include medical or dental care, hospitalization, prescription drugs and medical supplies, insurance premiums, Medicare premiums or Medi-Cal shares of cost, seeing eye or hearing dog costs, eye glass or contact lens costs, transportation expenses and the cost of maintaining an attendant. (§63-502.33)

273-4

The actual cost of transportation is an allowable medical cost provided that it is less than the actual cost of the least expensive mode of transportation reasonably available to the recipient. When a more costly means of transportation, such as a taxi or private auto is the only means available, the actual costs of such transportation shall be allowed. (§63-502.331(h))

273-5

There is a child support deduction in the FS program for those individuals who make verified child support payments to or for individuals living outside the HH. These child

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support payments include legally obligated payments for health insurance. The payments are deductible only to the extent that they represent a child support obligation that has been ordered by a court or administrative authority. (§63-502.38) Child support payments for arrearages are a deductible expense. (§63-502.386)

273-5A

Federal regulations provide that legally obligated child support payments paid by a household member to or for a nonhousehold member, including payments made to a third party on behalf of the nonhousehold member (e.g., vendor payments) are deductible. A deduction shall be allowed for amounts paid toward arrearages. Alimony payments made to or for a nonhousehold member shall not be included in the child support deduction. (7 Code of Federal Regulations (CFR) §273.9(d))

The October 17, 1996 Federal Register, p. 54284 states that an obligation to pay child support may continue, even if the child or the child and other parent are in the same household as the individual paying the child support. This may occur, e.g., if the child moves back and forth between parents or if the payer has a continuing obligation to make arrearage payments to the State Child Support Enforcement agency after the family is reunited. The regulation does not prohibit allowing the child support deduction when a legally obligated child support payment was made to an individual or agency outside the household, even if the child for whom the support was paid was a household member. No deduction is allowed if a child support payment is made to a household member. (See All-County Information Notice (ACIN) No. I-14-02, February 27, 2002)

Based on state and federal regulations, counties should allow the child support deduction for an amount the household member is legally obligated to pay to or for a household member or nonhousehold member, even if the child is part of the household. This may continue as long as there is still a legal obligation to make these payments. However, child support payment made to a household member is not deductible. (ACIN No. I-14-02)

273-6 ADDED 8/04

Under QR/PB, medical, child care and court-ordered child support expenses shall be determined as follows:

Determine the expense amount that is reasonably anticipated in each month of the quarter.

Average the reasonably anticipated amounts over the months of the quarter and use this amount as the expense deduction when computing benefits.

Expenses paid weekly shall be multiplied by 4.33 and received bi-weekly by 2.167 to determine monthly expenses.

Document the rationale for the determination of anticipated expense deductions.

(§63-509(a)(3)(A))

273-6A ADDED 8/04

Under QR/PB, shelter costs shall be determined at application and recertification and

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shall remain fixed at the determined amount until the household reports either a change on the QR 7 or makes a voluntary mid-quarter report. Utility costs determined at application and recertification shall remain fixed during the certification period with the exception of households that choose the standard utility allowance (SUA). Households that have elected the SUA may switch to actual utility expenses if it can verify the costs. (§§63-509(a)(3)(B) and (C))